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(261)CENTRAL INTELLIGENCE AGENCY
NATIONAL FOREIGN ASSESSMENT CENTER

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MEMORANDUMJAMAICA: Need For Assistance

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Seaga's overwhelming election mandate gives him the leverage to avert further political deterioration. In the longer term, however, both local and international experts agree that substantial Western assistance--fast-disbursing aid for the current fiscal year--will be essential for political stability and economic recovery on the troubled island over the next four or five years. (S)

Seaga's Problems and Prospects

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Seaga's election has improved prospects for Jamaica's recovery across the board. Although the government is virtually bankrupt and may be forced further into arrears on its foreign debt, [redacted] Seaga will have widespread support for the near term among the private sector, organized labor, small farmers, the security forces, and the international financial community. As he formulates and begins to implement his

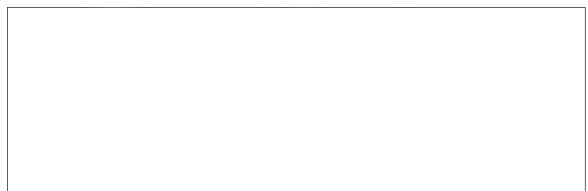
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This memorandum was prepared by John Gannon of the Office of Economic Research and [redacted] the Latin America Division of the Office of Political Analysis. It was coordinated with the National Intelligence Officer for Latin America. This memorandum was requested by the National Security Adviser to the President. Questions and comments may be addressed to Chief, Latin America Division, [redacted]

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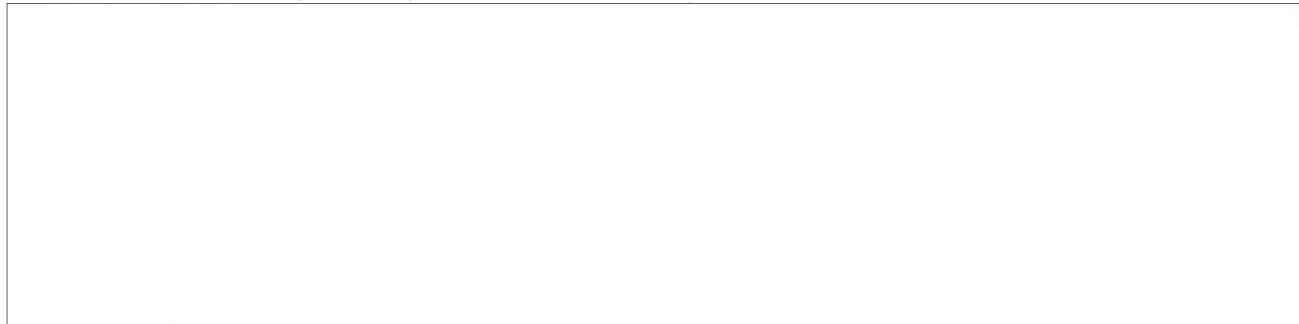
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recovery program over the next few months, local opposition groups probably will have little success in capitalizing on continuing economic hardship across the country. (S)



The Longer Term

Despite their current euphoria, Seaga's supporters will tolerate only a short "honeymoon;" they have high expectations of "deliverance" from the eight years of negative economic growth under the Manley government. To consolidate his position, Seaga will have to quickly translate his popularity among the local business community into increased confidence among Western aid donors and gradually among foreign investors. (S)



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[REDACTED]

Seaga's success in convincing Washington and other Western donors to provide increased assistance both in the near and long term will largely determine the stability of his government. His first crisis will be precipitated by powerful unions resisting further cuts in real wages under a new IMF program. Eventually, any strains in Seaga's government will benefit the pro-Cuban left, which is certain to regain its political influence if Seaga's moderate course does not lead visibly to economic recovery.
(S)